

THE TORONTO STOCK EXCHANGE

FILING STATEMENT NO. 1336
FILED, AUGUST 5th, 1965.

PAX INTERNATIONAL MINES LIMITED

Incorporated under The Companies Act (Ontario) by Letters Patent dated Oct. 5, 1949, Supplementary Letters Patent dated Nov. 18, 1953, Feb. 11, 1955, June 30, 1955,

Particulars of incorporation (e.g., Incorporated under Part IV of the Corporations Act, 1953 Aug. 14, 1959 and Jan. 31, 1962. (Ontario) by Letters Patent dated May 1st, 1957). Reference is made to previous

FILING STATEMENT Filing Statement No. 1061.

(To be filed with respect to any material change in a company's affairs, including among other things, an underwriting and option agreement, an issue of shares for property and a proposed re-organization.)

1. Brief statement of the material change in the affairs of the company in respect of which this statement is filed.	<p>(a) Sale of gravel pit property to William Thomas MacDonald, Thomas Edward Barton and Vincent Noble Harbinson, subject to acceptance for filing of notice by Toronto Stock Exchange and specific approval of the shareholders at a meeting called for August 19, 1965. (See Section 19)</p> <p>(b) Financing through the creation of \$225,000 in principal amount of 5 year convertible 7% income debentures, dated September 1, 1965 (See Section 6)</p> <p>(c) Change of control, necessitating change of officers and directors (section 3) and change of head office location (section 2)</p>						
2. Head office address and any other office address.	<p>Head Office - 8 Taber Rd., Rexdale, Ontario. Mine Office - P.O. Box 105, Matachewan, Ontario. After change of control the Head Office will be located at 1725 Bank Street, Ottawa, Ontario.</p>						
3. Names, addresses and chief occupations for the past five years of present or proposed officers and directors.	<p>Current Officers and Directors: John L. Agnew, 8 Taber Rd., Rexdale, Ontario. President and Director W.A. Morgan, 1279 Lampman Cres., Ottawa, Ontario. Vice-President and Director John A. Roberts, 1880 Barnhart Place, Ottawa, Ontario. Vice-President Maxwell Bruce, Q.C., R.R. No. 2, King, Ontario, Secretary and Director James B. Goad, 112 Forest Hill Rd., Toronto, Ontario, Treasurer and Director V.N. Harbinson, Suite 607, 80 Richmond St. W., Toronto, Director Norman Ursel, Port Credit, Ont. Geologist - Director H. Gordon Hughes, 43 Blackburn Ave., Ottawa, Ontario Director A.K. Stuart, 429 Islington Ave. S. Toronto 18, Ontario. Director W.E.N. Bell, 44 Victoria St., Toronto 1, Ontario. Director Mrs. Ruth Munisso, 8 Taber Road, Rexdale, Ont. Assistant Secretary-Treasurer - Occupation-Bookkeeper</p> <p>Upon closing, necessitating change of officers and directors, the following are proposed as officers and directors of the Company,- John A. Roberts, 1880 Barnhart Place, Ottawa, Ont President and Director Occupation - Resources Development William A. Morgan, 1279 Lampman Cres., Ottawa, Ont. Vice-President and Director Occupation - Metallurgist Maxwell Bruce, Suite 612, 85 Richmond St. W., Toronto 1 Secretary and Director Occupation - Solicitor James B. Goad, 112 Forest Hill Rd., Toronto, Ontario. Director Occupation - Broker James E. Hayes, Manotick, Ontario. Director Occupation - Real Estate Executive H. Gordon Hughes, 43 Blackburn Ave., Ottawa, Ontario. Director Occupation - Architect A.J. Montminy, 29 Waldo St., New Bedford, Mass. Director Occupation - Retired A.K. Stuart, 429 Islington Ave. S., Toronto 18, Ont, Director Occupation - Engineer G. Stanley Welsh, Matachewan, Ontario, Director Occupation - Prospector</p>						
4. Share capitalization showing authorized and issued and outstanding capital.	<table> <tr> <td>Authorized</td><td>6,000,000 shares - \$1 par value.</td></tr> <tr> <td>Issued</td><td>4,527,320</td></tr> <tr> <td>Unissued</td><td>1,472,680</td></tr> </table>	Authorized	6,000,000 shares - \$1 par value.	Issued	4,527,320	Unissued	1,472,680
Authorized	6,000,000 shares - \$1 par value.						
Issued	4,527,320						
Unissued	1,472,680						

<p>5. Particulars in respect of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.</p>	<p>7% mortgage in favour of Min-Ore Mines Limited securing \$50,000 on the Ryan Lake property and gravel pit property, due July 16, 1966. A further mortgage for \$20,000 secured on the gravel pit property is held by John L. Agnew, the President and a director of the Company, as security for his guarantee of the Company's indebtedness to a chartered bank for a sum exceeding this amount. (Upon completion of the sale of the gravel pit property discharges thereof will be given from both of the foregoing mortgages, as well as release of the guarantee.)</p> <p>Under the terms of the Letter Agreement dated July 26, 1965, the \$50,000 mortgage in favour of Min-Ore Mines Limited will be extended for a period of 3 years, as set out in sub-section (h) of paragraph 7 of the above mentioned Letter Agreement.</p>
<p>6. Details of any treasury shares or other securities now the subject of any underwriting, sale or option agreement or of any proposed underwriting, sale or option agreement.</p>	<p>By Letter Agreement, dated July 26, 1965, between the Company and Mount Robb Securities Limited (copy of which is attached and forms part of this filing statement), the Company undertakes to create \$225,000 in principal amount of 5 year convertible 7% income debentures to be dated Sept. 1, 1965 maturing September 1, 1970, which will be convertible at the holders' option (save as set out in paragraph 1 of the attached Letter Agreement of July 26, 1965) into unissued treasury shares at 25¢ per share at any time on or before March 1, 1967. The debentures will be issued in denominations of \$100, \$1,000 and \$10,000 which denominations would produce on conversion respectively 400, 4,000 and 40,000 shares. Assuming conversion of the entire issue of \$225,000 of debentures 900,000 Treasury shares would be involved.</p> <p>Mount Robb Securities Limited agree under the above mentioned Letter Agreement to subscribe for \$160,000 in principal amount of the debentures on the closing date, such closing date to be the twenty-first day following the date of acceptance for filing of notice of this transaction by the Toronto Stock Exchange, unless such day be a business day, in which case it will be on the next ensuing day which is a business day. Under the above-mentioned Letter Agreement the Company grants to Mount Robb Securities Limited an option on 100,000 unissued treasury shares at 35¢ per share, for a period of 18 months from the closing date.</p> <p>Options granted to Officers and full-time employees of the Company, covering 180,000 treasury shares have been terminated.</p>
<p>7. Names and addresses of persons having any interest, direct or indirect in underwritten or optioned shares or other securities or assignments, present or proposed, and, if any assignment is contemplated, particulars thereof.</p>	<p>As set out in Schedule "A" to the Letter Agreement of July 26, 1965 certain individuals and companies associated with the Company have agreed to accept cash not exceeding \$68,500. in full settlement of their claims aggregating \$136,977.35 and concurrently to subscribe for \$65,000 in principal amount of the said convertible debentures. All shares resulting from conversion will be subject to an option in favour of Mount Robb Securities Limited as set out below.</p> <p>The Letter Agreement dated July 26, 1965, referred to in Section 6 provides for subscriptions to convertible debentures of the Company and grants to Mount Robb Securities Limited on its own behalf and on behalf of clients options on the terms therein set out, upon all shares resulting from the conversion. The following are all the persons having an interest, direct or indirect, in all shares or options thereon, which may result from any such conversion or in any contemplated assignment,-</p> <p>Mount Robb Securities Limited, 1725 Bank St., Ottawa Cobalt Products Limited, 7 King St. E., Toronto, Ont. Marchmont & Dixon, 11 Adelaide St.W., Toronto, Ont. Mr. James B. Goad is the only person having more than a 5% interest in Cobalt Products Limited, which interest is indirect.</p> <p>The following have more than a 5% interest in Mount Robb Securities Limited,-</p> <p>Stuart J. Pettigrew, 1780 Kilborn Ave., Ottawa, Ont. W.A.Morgan, 1279 Lampman Cres., Ottawa, Ont. John A. Roberts, 1880 Barnhart Place, Ottawa, Ont. Robt. J. Armstrong, 302 Heath St.E., Toronto, Ont. F.Harry Lawlor, Apt. 210, 4655 Bona Vista St. Montreal 29, Quebec.</p>
<p>8. Any payments in cash or securities of the company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition.</p>	<p>None</p>
<p>9. Brief statement of company's future development plans, including proposed expenditure of proceeds of sale of treasury shares, if any.</p>	<p>Assuming settlement of the indebtedness as provided in the Letter Agreement of July 26, 1965 the Company would have approximately \$110,000 free working capital. Out of this sum it proposes to expend \$52,000 on a diamond drilling programme, re-sampling certain stopes and further geological and geophysical studies on its Ryan Lake property, (which property is more particularly described in the report of Ringsleben and Burns) all of which is recommended by Ringsleben and Burns in their report of July 9, 1965, attached hereto. In addition it estimates an expenditure of \$20,000 in administrative expenses for the ensuing twelve months and \$7,700 for stand-by mine and mill charges during the same period. This leaves approximately \$40,000 of net free working capital.</p>

10. Brief statement of company's chief development work during past year.	At the Company's Ryan Lake property during 1964 and 1965 to date all the underground workings were mapped and an extensive sampling programme undertaken. At the same time an underground diamond drill programme was initiated to extend the orebearing structures and approximately 3,000 feet of diamond drilling was completed. An induced polarization survey was completed in July, 1964 showing good possibility of extension of ore zones and possible ore bearing structures on the property. Development totalling approximately 700' consisting of drifting, cross-cutting and raising was also completed underground. This substantially increased potential ore reserves in the main workings. During the exploration period the mill was rehabilitated and tests run to establish a metallurgical process developed by Geo-Met Reactors Limited in Ottawa. The results of the metallurgical programme was reported by Dr.W.A.Morgan, in a report dated April 28, 1965.
11. Names and addresses of vendors of any property or other assets intended to be purchased by the company showing the consideration to be paid.	None.
12. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.	Not applicable.
13. Number of shares held in escrow or in pool and a brief statement of the terms of escrow or the pooling agreement.	895,509 shares are held in escrow for the former shareholders of Pax Athabasca Uranium Mines Limited and 810,000 shares are held in the name of the Guaranty Trust Company of Canada, 366 Bay St., Toronto (beneficially owned by Min-Ore Mines Limited, 7 King St. East, Toronto 1). All such shares are subject to release only with the consent in writing of the Toronto Stock Exchange and the Board of Directors of the Company. The last mentioned shares together with 90,000 free shares, aggregating 900,000 shares, which constituted the price paid for the Company's Ryan Lake property, are also the subject of a voting trust; to be voted as may be directed by a resolution of the board of directors of the Company but subject to sale to the public generally free of the voting trust may be directed by Min-Ore Mines Limited, the agreement to terminate at the end of 18 months from July, 1964 unless the Company has commenced production or the construction of a new mill on the Ryan Lake property.
14. Names and addresses of owners of more than a 5% interest in escrowed shares and their shareholdings (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.)	Registered holder - Guaranty Trust Company of Canada, 810,000 shares, the beneficial owner being Min-Ore Mines Limited, Suite 1408, 7 King St.E., Toronto 1. Address - Guaranty Trust Company of Canada, 366 Bay St., Toronto 1, Ontario. Registered holder - Maxwell Bruce in trust. 85 Richmond St. West, Toronto 1, Ontario. 382,000 shares.
15. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state.	Maxwell Bruce in Trust - 85 Richmond St. West, Toronto 1, Ontario, 382,000 shares - all escrowed and beneficially owned as follows:- John L. Agnew, R.R.#1, King, Ont. 105,000 shares W.E.N.Bell, 44 Victoria St. Toronto 100,000 Maxwell Bruce, 85 Richmond St.W. Toronto 1, Ontario. 80,000 James B.Goad, 112 Forest Hill Rd., Toronto 7, Ontario 55,000 A.K.Stuart, 429 Islington Ave. S. Toronto 18, Ont. 20,000 Peter H.H.Ridout, 85 Richmond St. West, Toronto 1, Ontario. 12,000 Mount Robb Securities Limited, 1725 Bank St., Ottawa, Ont. 10,000 <u>382,000</u> Cobalt Products Limited, Suite 1407, 7 King St.E., Toronto 1, Ont. 233,450 all free, beneficial ownership unknown J.L.Goad & Co., 7 King St. East, Toronto 1, Ontario, Beneficial ownership unknown - all free 304,437 Guaranty Trust Co. of Canada, 900,000 366 Bay St., Toronto 1, Ont. 90,000 free and 810,000 escrowed; beneficially owned by Min-Ore Mines Limited, 7 King St. East, Toronto 1, Ontario. James Richardson & Sons, 173 Portage Ave., Winnipeg, Man. all free, 151,394 beneficial ownership unknown.

FINANCIAL STATEMENTS

PAX INTERNATIONAL MINES LIMITED
(Incorporated under the laws of Ontario)

BALANCE SHEET

APRIL 30, 1965

LIABILITIES

A S S E T S		LIABILITIES	
CURRENT:		CURRENT:	
Marketable securities at cost		Bank indebtedness	\$37,747.10
(approximate market value \$2,544)		Accounts payable and accrued charges-	
Accrued interest receivable		Associated companies	92,232.47
Prepaid expenses		Directors	814.18
		Other	86,112.01
Total current assets		Demand notes payable to associated Co.	179,158.66
		Current portion of note payable	25,000.00
ADVANCE TO ETHEL COPPER MINES LIMITED,		7% convertible debentures due Nov. 3, 1965	9,646.32
an associated company		Total Current Liabilities	20,000.00
			\$271,552.08
FIXED:		LONG-TERM DEBT:	
Gravel pit, at		Interest free loan against future	
realizable value	20,000.00	copper shipments	
Plant and equipment		Note payable in 27 equal monthly instalments	
at cost	370,745.57	(secured)	22,508.13
Less accumulated		Less current portion included in current	
depreciation	25,650.60	liabilities	9,646.32
		7% mortgage, due July 16, 1966 held by an	
		associated company	12,861.81
BONDS DEPOSITED WITH THE HYDRO-ELECTRIC			50,000.00
POWER COMMISSION OF ONTARIO,			
at cost (market value \$3,764)		SHAREHOLDERS' EQUITY:	
		Capital	
MINING CLAIMS AND LEASES:		Authorized: 6,000,000 shares of \$1 par value	
Sault Ste. Marie, at cost less amounts		Issued: 4,477,320 shares	4,477,320.00
written off	1.00	Less discount on shares issued	2,364,187.50
Powell Township, at cost	900.00		2,113,132.50
Ryan Lake, at cost	100,000.00		1,197,106.46
			3,310,238.96
DEFERRED EXPLORATION AND DEVELOPMENT			2,464,353.75
EXPENDITURES, per attached statement			845,885.21

APPROVED ON BEHALF OF THE BOARD.

685,347.19

\$1,184,599.10

Director

\$1,184,599.10

Pax International Mines Limited

Statement of Source and Application of Funds

For the Period March 1, 1964 to April 30, 1965

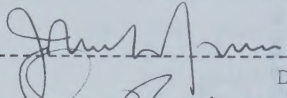
Source of Funds

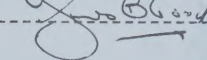
Cash received via under writings and options	\$175,000.00	
Increase in bank indebtedness	37,747.10	
Increase in accounts payable	170,004.71	
Notes payable - associated companies	25,000.00	
Secured note payable	22,508.13	
7% convertible debentures due November 3, 1965	20,000.00	
Loan against future copper shipments	4,300.00	
7% mortgage due July 16, 1966	50,000.00	
Decrease in current bank account	9,760.09	
Decrease in accounts receivable	5,589.13	
Decrease in inventory	7,690.98	\$527,600.14

Application of Funds

Increase in prepaid expenses	\$ 6,604.92	
Increase in advance to Ethel Copper Mine Limited	3,441.27	
Additions to fixed assets (net)	56,692.01	
Peters Quilty - option payment	1,400.00	
Ryan Lake Property (Schedule A)	387,080.94	
Gravel Pit at Peterboro (Schedule A)	25,658.00	
Administration (Schedule A)	46,723.00	\$527,600.14

APPROVED ON BEHALF OF THE BOARD



 Director


 Director

Schedule A Application of Funds

For the Period March 1, 1964 to April 30, 1965

Ryan Lake Property

Expenses not distributed-		
Salaries and wages	\$133,829.49	
Electric power	13,223.55	
Supplies	12,281.69	
Equipment rental and maintenance	7,273.97	
Insurance	4,279.18	
Employee benefits	7,218.43	
Acresage taxes and lease payments	235.40	
Miscellaneous	16,360.61	
Exploration - surface and underground	21,088.59	
Mine rehabilitation and development	4,843.19	
Mining	56,777.85	
Mill rehabilitation	9,993.12	
Milling	18,673.06	
Ore delivery	2,534.62	
Geo-Met Reactors	120,182.74	
Consultants' Fees	6,984.01	
Recovery from milling operations	(698.56)	
Recovery from sale of concentrates	(48,000.00)	\$387,080.94

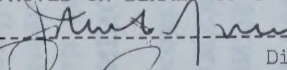
Gravel Pit at Peterboro

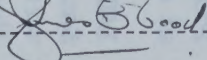
Salaries and wages	\$ 1,300.00	
Consultants' Fees	1,442.00	
Royalty	1,200.00	
Office rent	306.58	
Municipal and county taxes	381.12	
Miscellaneous expenses	928.37	
Settlement of breach of contract suit by former manager	13,750.00	
Write off of sand and gravel inventory	6,792.23	
	\$ 26,100.30	
Sales of gravel less direct costs	(442.30)	\$ 25,658.00

Administration

Legal Fees and expenses	\$ 12,923.66	
Office wages	5,646.75	
Transfer agents fees and expenses	3,074.91	
Interest paid	3,421.64	
Shareholders' meeting and report	2,158.55	
Travel	2,207.52	
Public relations	1,944.95	
Administrative charge from associated company	1,300.00	
Listing fees	1,500.00	
Telephone and telegraph	1,674.50	
Audit fees	1,600.00	
Printing and stationery	1,204.90	
Office rent	1,760.00	
Filing fees	735.00	
Land transfer tax	695.00	
Miscellaneous expense	5,135.62	
	\$ 46,983.00	
Interest on bonds	(260.00)	\$46,723.00

APPROVED ON BEHALF OF THE BOARD



 Director


 Director

PAX INTERNATIONAL MINES LIMITED
(Incorporated under the laws of Ontario)

PRO FORMA
BALANCE SHEET

July 21st, 1965

ASSETS

CURRENT:

Cash
Marketable Securities at Cost
Accrued interest receivable
Prepaid expenses

115,000.00
1,717.20
55.50
6,796.97

Total Current Assets

\$123,569.67

ADVANCE TO ETHEL COPPER MINES LIMITED
an associated company

20,941.27

FIXED

Gravel pit, at
realizable value
Plant and equipment

20,000.00

at cost

370,745.57

Less accumulated
depreciation

25,650.60

365,094.97

BONDS DEPOSITED WITH THE HYDRO-ELECTRIC

POWER COMMISSION OF ONTARIO

at cost (market value \$3,764)

3,745.00

MINING CLAIMS AND LEASES:

Sault Ste. Marie, at cost less amounts
written off

1.00

Powell Township, at cost

900.00

Ryan Lake, at cost

100,000.00

100,901.00

DEFERRED EXPLORATION AND DEVELOPMENT
EXPENDITURES

Signed on behalf of the Board :

Director

Director

LIABILITIES

CURRENT:

Bank Indebtedness (Note 1)
Accounts Payable and
accrued charges

18,126.97
5,000.00

Total Current Liabilities 23,126.97

LONG-TERM DEBT:

Interest free loan against future
copper shipments

4,300.00

7% Mortgage due July 16th, 1969,
held by an associated company

50,000.00

7% Income debenture term 18 months
convertible at 25¢/share

225,000.00

SHAREHOLDERS' EQUITY:

Capital

Authorized: 6,000,000 shares of \$1 par value

4,527,320.00

Issued: 4,527,320 shares

2,394,187.50

Less discount on shares issued

2,133,132.50

Contributed surplus

1,332,203.15

Deduct Deficit

3,465,335.65

1,000,982.90

\$1,303,408.87

Note 1 - Secured by Pax Directors and reflect sale of gravel pit
sold subject to shareholders approval.

Note 2 - Mt. Robb Securities Limited will hold an option on 100,000
shares at 35¢ subject to approval of the Toronto Stock Exchange.

LETTER AGREEMENT DATED JULY 26th. 1965.

MOUNT ROBB SECURITIES LIMITED
1725 Bank Street,
Ottawa, Ontario

July 26, 1965

Pax International Mines Limited,
8 Taber Road,
Rexdale, Ontario.

Dear Sirs :

You have furnished us with certain audited and unaudited financial information concerning your Company's affairs and have represented to us,-

- (a) that as at June 30, 1965 you had outstanding trade debts aggregating \$83,181.20 (hereinafter called your "trade debts") in addition to which you owed an aggregate of \$136,977.35 to certain individuals and companies with which you are associated (hereinafter called your "associates") as set out in Schedule "A" hereto, that there neither has since such date been nor will there be on the closing date any significant change in these figures, and
- (b) that your authorized capital consists of \$6,000,000 divided into 6,000,000 shares, par value \$1 each of which 4,527,320 shares at the date hereof are issued and outstanding as fully paid, leaving 1,472,680 shares in your treasury not subject to any outstanding options or rights to purchase.

Based upon the foregoing representations by you and the fulfilment of the following conditions, namely :

- (i) that you produce evidence on or before the closing date hereinafter defined satisfactory to us that your trade debts can be satisfied by you in full on or before the closing date for a sum not exceeding \$45,000 in cash;
- (ii) that you produce on or before the closing date evidence satisfactory to us that your associates will on or before the closing date release in full all of their claims upon you as aforesaid for a sum not exceeding \$68,500 in cash and will concurrently subscribe for \$65,000 in principal amount of your debentures as hereinafter set out;
- (iii) that your shareholders at a meeting duly called and held before the closing date pass a resolution sanctioning the issue of debentures hereinafter described;
- (iv) that notice of the transaction described in this letter is before closing date accepted for filing by the Toronto Stock Exchange;

we hereby offer, acting partly on our own behalf and partly on behalf of clients to subscribe for certain of your debentures as described hereunder upon the terms and conditions hereinafter set out.

1. You will create an issue of \$225,000 in principal amount of 5 year convertible 7% income debentures to be dated September 1, 1965 (hereinafter called the "debentures") maturing on September 1, 1970, which will be convertible at the holders' option (save as hereinafter provided) into your unissued treasury shares at a price of 25¢ per share at any time on or before March 1, 1967. We shall subscribe for \$160,000 in principal amount of the debentures on the closing date. You will at or before the closing date secure the agreement in writing of all your associates to subscribe for \$65,000 in principal amount of the debentures on the closing

date, and to grant us the option hereinafter described upon shares resulting from future conversion of their debentures, provided that such debentures may not be converted by said associates save with our written consent. In the event that any of your associates with our consent as aforesaid convert any of the debentures to shares pursuant to their rights in that regard, such shares shall be deposited with a trustee subject to our right until March 1, 1967, on thirty days' notice by us, to purchase at the conversion price all or any part thereof. In the event that any of your associates do not convert all or any part of their debentures to shares whilst entitled to do so we shall have the right exercisable by us until 30 days prior to March 1, 1967 to require, on thirty days' notice by us, your associates to convert all or any part of their debentures into shares and to sell the same to us at the conversion price. We shall have the further and alternative right, exercisable by us at any time before March 1, 1967, to purchase from your associates any part of or all the debentures then held by them for a consideration of free shares of your Company, valued for such purpose at 25¢ per share, to be transferred by us to such subscribers.

2. You will grant to us an option on 100,000 shares of your treasury stock at the price of 35¢ per share to run for 18 months from the closing date.

3. You covenant and agree to apply forthwith upon closing sufficient of the proceeds of the sale of debentures aforesaid to retire in full your trade debts as aforesaid and the claims of your associates, but in any event no more than \$113,500 leaving the balance for a development programme of \$52,000 on your Ryan Lake property as recommended by Ringsleben and Burns in their report dated July 9, 1965 and for current working capital purposes, including the operation of your mill on such property to concentrate your available ore and to custom mill ore from adjacent properties.

4. You shall accept subject to the acceptance for filing of notice thereof by the Toronto Stock Exchange, and to the specific approval of your shareholders an offer for your Gravel Pit property in the sum of \$20,000 cash net to you, and covenant and agree that you will, with the proceeds reduce the bank loan with the Canadian Imperial Bank of Commerce, 25 King St. West, Toronto, to a like extent.

5. You will secure execution of this letter by Min-Ore Mines Limited, the holder of 900,000 Vendor shares (whereof 90,000 shares are free of escrow and 810,000 shares are held

in escrow) and of 100,000 free underwritten shares in your Company (the aggregate of 1,000,000 shares being hereinafter called the "Min-Ore shares"), and Maxwell Bruce in trust, the holder of 362,000 escrowed shares in your Company (hereinafter called the "Bruce shares"), to confirm that they respectively hereby agree to option the 190,000 free and 310,000 of the escrowed Min-Ore shares and 181,000 of the Bruce shares to us at 25¢ per share, such option to continue for three years, subject to earlier termination in case at any time during such period there is neither an exploration programme involving the expenditure by your Company of a minimum sum of \$5,000 in each consecutive 3 months period being conducted upon, nor production of minerals in reasonable commercial quantities from, your Company's properties. We confirm that neither the balance of the Min-Ore shares amounting to 500,000 escrowed shares nor the balance of the Bruce shares amounting to 181,000 escrowed shares shall be subject to any rights of ours under this agreement, save as to paragraph 7 (g) hereunder.

6. Between now and the closing date hereinafter defined, we shall have the right to enter upon and inspect your properties and all financial and engineering data in your possession pertaining thereto and during such period you will not (save as to your Gravel Pit property) sell, offer for sale or otherwise dispose of or agree to dispose of any of your assets or treasury shares nor will the holders of the shares optioned to us as aforesaid deal in any way with the same. You will supply us with an audited financial statement as at a specified date subsequent to December 31, 1964 if required by us, at our expense.

7. The closing date of this transaction shall be on the twenty-first day following the date of acceptance for filing of notice of this transaction by the Toronto Stock Exchange unless such day not be a business day, in which case it shall be on the next ensuing day which is a business day. On the closing date, we shall deliver to you at 11 a.m. at the offices of your solicitors, Messrs. Manning, Bruce, Paterson & Ridout, Suite 612, 85 Richmond St. West, Toronto 1, Ontario, a certified cheque in your favour in the amount of \$160,000 and you shall deliver to us

- (a) debentures aggregating \$160,000 in principal amount;
- (b) an executed option agreement in the usual form covering the 100,000 shares of your capital stock as provided in clause 2 hereof;
- (c) subscriptions by the associates for \$65,000 in principal amount of debentures;
- (d) releases in full of your trade debts including discharges of any and all judgments and executions which may have arisen in connection with any thereof and all the claims of your associates aggregating \$136,977.35 as aforesaid;
- (e) instruments evidencing the options granted by Min-Ore Mines Limited and Maxwell Bruce in trust upon the 500,000 shares and 181,000 shares above mentioned;

- (f) resignations of your directors and officers so that our nominees may be elected forthwith in their place;
- (g) agreements from Min-Ore Mines Limited and Maxwell Bruce in trust respectively to vote the 1,000,000 Min-Ore shares and the 181,000 Bruce shares optioned as aforesaid to support our nominees for election as directors of the Company during the currency of the option granted to us on 500,000 of the Min-Ore shares and on the said 181,000 Bruce shares, and the agreement of the associates to vote any shares resulting from conversion of debentures and held by them in support of our nominees for election as directors of the Company;
- (h) an agreement of Min-Ore Mines Limited to extend for 3 years the date upon which the mortgage for \$50,000 from your Company matures;
- (i) any and all further documents as may be reasonably required to carry out the matters contemplated hereby.

It is understood and agreed that all of the parties involved herein will do and execute such further acts and documents as may be required to accomplish the purposes hereof, and that this present agreement cancels and supercedes all previous agreements between the parties hereto.

The execution by you and by the other parties indicated on the duplicate copy of this letter enclosed and the return hereof to us by August 4, 1965 will constitute a firm agreement by all parties to the terms herein set out.

Yours very truly,

MOUNT ROBB SECURITIES LIMITED.

by J. J. Robb
President

ACCEPTED :

PAX INTERNATIONAL MINES LIMITED

by [Signature]
Secretary

MIN ORE MINES LIMITED

by [Signature]
Secretary

[Signature]
MAXWELL BRUCE IN TRUST

PAX INTERNATIONAL MINES LIMITED

SCHEDULE "A" attached to
Letter Agreement with
MOUNT ROBB SECURITIES LIMITED
dated July 26, 1965

John L. Agnew	82.25
Thomas E. Barton	1,200.00
Cobalt Products Limited	6,250.00
Geo-Met Reactors Limited	81,692.98
H. Gordon Hughes	263.90
Linjack Developments Limited	15,039.49
Manning, Bruce, Paterson and Ridout	10,892.12
Min-Ore Mines Limited -	
Mortgage interest	1,600.00
Mount Robb Securities Limited	12,500.00
New Brunswick Uranium Metals	
& Mining Limited	1,750.00
Professional Management Services	384.60
The Amara Company	4,590.08
Norman Ursel	731.93

\$136,977.35

GEOLOGIST'S REPORT

Note:-The following are excerpts from a report by C.A. Burns, Consulting Geologist, dated July 9th, 1965, on mining claims located in Powell Township, District of Timiskiming, Montreal River Mining Division, North-westerly from Matachewan, Province of Ontario. A complete copy of this report is on file with the Toronto Stock Exchange.

INTRODUCTION

This report is prepared for presentation to the Toronto Stock Exchange. The property of Pax International Mines is located in Powell Township, District of Timiskiming, Montreal River Mining Division about 4 miles by road northwesterly from Matachewan. It comprises ten leased and eighteen claims held by staking. The ten leased claims are: MR 6082; MR 6083; MR 6322, -23, -24; MR 12547, -48, -49; MR 16223, -24. The eighteen claims held by staking are: MR 37464 to MR 37481 inclusive on which two years assessment work is reported to be due in March 1966. This report deals with the ten leased claims.

The mine has operated intermittently since 1950. It is reported that some 160,000 to 170,000 tons of ore has been milled. A two-compartment shaft extends to 455 ft depth servicing four levels, with the deepest one at 440 ft depth. Underground workings total approximately 9,160 ft on these four levels.

The first production between 1950 and 1957 was for copper only. After that an effort was made to recover molybdenite as well. During 1964 approximately 6,000 tons of ore from underground was milled with production of a bulk copper-molybdenite concentrate. In addition, during 1964 and early 1965 tailings from earlier copper operations were retreated in the mill to recover molybdenite.

A roaster was constructed on the property during the fall of 1964. Most of the concentrates produced from both the underground ore mined in 1964 and the tailings were treated in this roaster. They then were transported to Ottawa for pilot-plant test extraction of molybdenum at Geo-Met Reactors Limited.

Further, during 1964 an induced polarization survey was done on the southeastern part of the property surrounding the shaft area and adjacent claims. At the same time the underground workings and the southeastern group of claims were mapped geologically.

The writer was on the property from 29 September, 1964 to 20 October, 1964. He also made several trips to Ottawa to Geo-Met Reactors Limited with regard to extraction of molybdenum from the copper-molybdenite concentrate.

CONCLUSIONS AND RECOMMENDATIONS

The property contains at least three general types of mineralization. These are: first, narrow veins bearing copper-molybdenite; second, some wide zones around some of the narrow veins in volcanics and porphyry, carrying less than 1 percent copper and minor molybdenite; and third, quartz stockworks in syenite feldspar porphyry, which are mineralized with some molybdenite. The narrow veins have been mined.

The problem is to determine the potential of the property from the work that has been and can be done underground and on surface.

Surface diamond drilling and an Induced Polarization (I.P.) survey shows several areas that require some surface exploration.

Metallurgical problems to produce saleable molybdenite should be solved before proceeding with any further large-scale underground operations which include molybdenite in the economics but some sampling underground and drilling on surface should be done before doing more metallurgical testing.

To help assess the ore potential of the underground work that has been done stope 305 should be resampled by an experienced underground sampler working under the supervision of an independent consultant. Channel samples should be cut each five feet on the vein, with each channel divided usually into three samples. Assaying should be at an independent assay laboratory.

Additional surface geology should be done, particularly in the mine area. It should be done on lines spaced 100 feet apart in the mine area, and on existing lines over the rest of the area on which the I.P. survey was done in 1964. An effort should be made to find some structure.

Geochemical soil sampling should be tried, and if successful then the areas of old drill hole data, and I.P. anomalies that are away from underground workings, should be tested to assist in locating drill holes. There are enough known areas of copper-molybdenite mineralization that one should be able to determine the usefulness of geochemistry.

Detailed local magnetometer surveys on east-west lines should be done to locate the diabase dikes before drilling near them. Magnetic work for other geological data probably should be about north-south.

If geochemistry is a success it should be used to direct the proposed drilling, but regardless of the results of the geochemical survey 16 holes totalling about 5,600 feet of diamond drilling on surface should be done to test the I.P. results and possible extensions in old known drill holes.

South of the mine the carbonate zone should be prospected, and any sulphide zones sampled. Copper-gold is reported along the north contact.

All assays for molybdenite should be checked by sending at least one in every fifteen samples to another laboratory.

All data should be compiled on maps, and where appropriate on sections.

The estimated cost of all this work is \$52,000 including a 10 percent contingency as shown in the table below. The program should take about four or five months to complete.

Proposed Program of Work

Geology - - - - -	\$ 2,500.
Geochemistry - - - - -	1,000.
Magnetometer survey - - - - -	700.
Trenching - - - - -	800.
Diamond drilling, including supervision and assaying @ \$6.00 per foot - -	34,000.
Consulting - - - - -	5,000.
Resampling 305 stope - - - - -	3,000.
Subtotal - - - - -	\$47,000.
Contingency 10%, say - - - - -	5,000.
TOTAL - - - - -	<u>\$52,000.</u>

At the end of the program the ore potential should be reassessed, and the usefulness of doing more drilling both underground and on surface should be considered.

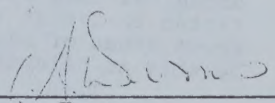
RINGSLEBEN AND BURNS

CERTIFICATE

I, C.A. Burns, Consulting Mining Geologist of the City of Toronto, in the Province of Ontario, hereby certify:

1. That I am a practising consulting Mining Geologist and reside in the City of Toronto, Province of Ontario.
2. That I am a graduate in Geological Engineering of the University of British Columbia and Queen's and have been practising my profession for more than 17 years.
3. That I am a member of the Association of Professional Engineers of the Province of Ontario.
4. That I have no direct or indirect interest, nor do I expect to receive any interest directly or indirectly in the property or securities of Pax International Mines Limited.
5. That this report on Pax International Mines Limited is based on examinations of the property, and study of Company records supplied to me.

RINGSLEBEN AND BURNS


C. A. Burns

Toronto, Ontario.
July 9, 1965

16. Names, and addresses of persons whose shareholdings are large enough to materially affect control of the company.	Min-Ore Mines Limited, Suite 1408, 7 King St. E., Toronto 1, Ontario, through its beneficial ownership of 900,000 shares registered in the name of Guaranty Trust Company of Canada. Maxwell Bruce in Trust, 85 Richmond St.W., Toronto 1. Cobalt Products Limited, Suite 1408, 7 King St.E., Toronto 1, Ontario. J.L.Goad & Co., 7 King St. E., Toronto 1, Ontario.
17. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value.	Shares of Silvermaque Mining Limited as follows,- No. of shares held - 16,413 for a book value of \$1,717.20 of this 937 are free with a market value of \$215.51, escrowed shares = 15,476
18. Brief statement of any lawsuits pending or in process against company or its properties.	None, but a number of default judgments against the Company have been secured by creditors of the Company, details of settlement proposed to the creditors are set out in the Letter Agreement of July 26, 1965 appended hereto.
19. The dates of and parties to and the general nature of every material contract entered into by the company which is still in effect and is not disclosed in the foregoing.	Agreement dated April 14, 1965, for the sale by the Company to William Thomas MacDonald, Thomas Edward Barton and Vincent Noble Harbinson (Mount Robb Securities Limited concurring) of its gravel pit property in the Township of Asphodel, in the County of Peterborough, for the sum of \$20,000. The said agreement of sale is subject to the special approval of the Company's shareholders at a meeting to be held on August 19, 1965 and is also subject to acceptance for filing by the Toronto Stock Exchange. This property was publicly advertised for sale in March 1965 and tenders invited. Two tenders only were received neither of which was considered acceptable by the directors and both of which were for sums less than \$20,000. When a subsequent private offer resulting in the above agreement was made the directors considered it satisfactory, and at a meeting of the directors at which the agreement was approved Mr. Harbinson disclosed his interest and refrained from voting.
20. Statement of any other material facts and if none, so state. Also state whether any shares of the company are in the course of primary distribution to the public.	The shares are not in primary distribution to the public. The Company has sold certain molybdenum-copper concentrates located at its Ryan Lake property and in Ottawa to Geo-Met Reactors Limited and Linjack Developments Limited for delivery over a period and at a price of \$2.40 per lb. Approximately 15,517 lbs. have been delivered and paid for and a balance of 4,483 lbs. remains to be delivered.

DATED August 4, 1965

CERTIFICATE OF THE COMPANY

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate seal to be affixed.)

"M. Bruce"

"J. B. Goad"

PAX INTERNATIONAL MINES LIMITED

CORPORATE
SEAL

Secretary

Treasurer

CERTIFICATE OF UNDERWRITER OR OPTIONEE

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)

